

IDEMIA Group S.A.S.

IDEMIA Group S.A.S.'s 'B' Issuer Default Rating (IDR) continues to reflect the group's underlying earnings volatility, its high leverage and thin free cash flow (FCF) margins, owing to large capex requirements to remain technologically competitive. This is balanced by its strong market position with global scale and diversification.

IDEMIA completed the divestment of its Smart Identity division (ISI) to IN Groupe on 30 June 2025. Fitch Ratings assumes that, pro forma for this disposal, the group's leverage headroom will be low but still consistent with the assigned rating.

Key Rating Drivers

Disposal of ISI: The disposal of IDEMIA Identity and Security France (representing the majority of the Smart Identity division) is likely to affect the business profile of IDEMIA Group, with smaller group scale and reduced diversification. However, it may reduce the company's capex intensity. IDEMIA reported that the disposal perimeter represented about EUR85 million of reported EBITDA in 2024, against EUR497 million of Fitch-adjusted group EBITDA for the same period. ISI contributed around EUR40 million of the total group capex of EUR177 million.

IDEMIA has confirmed its intention to maintain its company-defined net leverage ratio, pro forma for the divestment, below 4.0x. Therefore, we expect the proceeds from the disposal will be divided between debt repayment and distribution to shareholders. Company-defined net leverage stood at 3.6x at end-2024, while Fitch EBITDA leverage was at 5.3x including ISI, and at 6.3x excluding ISI.

Soft 1Q25 Performance: Idemia reported weak performance in 1Q25, with revenue declining by more than 10% compared with the prior-year period and cash generation decreasing due to moderate EBITDA. The decline was primarily attributed to price pressure and an adverse product mix effect. The company also incurred significant one-off costs due to the group's reorganisation process.

Rating Trajectory Subject to Debt Repayment: Fitch expects the company to use part of the disposal proceeds for debt repayments such that it will remain within the thresholds established for the 'B' IDR. Fitch may reassess the thresholds for the rating in connection with further visibility around the business plan and governance of the new group structure.

Further information on the key rating drivers can be found in our last published commentary, [Fitch Affirms IDEMIA's Term Loan B at 'B+' on Final TLB Increase](#), published on 19 December 2023.

Ratings

IDEMIA Group S.A.S.

Long-Term IDR	B
Senior Secured Debt - Long-Term Rating	B+

Outlook

Long-Term Foreign-Currency IDR	Stable
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ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	3
Governance	3

2035 Climate Vulnerability Signal: 18

Applicable Criteria

[Corporate Rating Criteria](#)

[Corporates Recovery Ratings and Instrument Ratings Criteria](#)

[Sector Navigators - Addendum to the Corporate Rating Criteria](#)

Related Research

[Global Corporates Macro and Sector Forecasts](#)

[EMEA Technology - Peer Credit Analysis \(May 2025\)](#)

[EMEA Technology Issuers to Focus on Financial Flexibility \(May 2025\)](#)

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Financial Summary

(EURm)	2022	2023	2024
Gross revenue	2,649	2,867	2,403
EBITDA margin (%)	18.2	18.5	17.1
EBITDA leverage (x)	4.4	4.8	6.3
EBITDA interest coverage (x)	4.2	3.5	2.0
(CFO-capex)/debt (%)	7.0	4.1	-2.6

F = Forecast
Source: Fitch Ratings, Fitch Solutions

Peer Analysis

IDEMIA's ratings are supported by strong global market positions in identification, authentication, payment and connectivity solutions. IDEMIA's broader technology peers, such as Nokia Corporation (BBB-/Stable), Telefonaktiebolaget LM Ericsson (BBB-/Stable) and STMicroelectronics N.V. (NR), fall into the investment-grade category. These peers have higher volatility in both revenue and margins than IDEMIA, but they have greater scale and stronger cash flow, as well as no or very low net leverage.

Fitch recognises IDEMIA's strong business position and technology leadership within its chosen markets, but its smaller scale and high leverage place its rating in the 'B' category. Higher-rated fintech companies such as Nexi S.p.A. (BBB-/Stable) benefit from market leadership and strong predictable cash flow generation.

Similarly rated European software companies such as Dedalus SpA (B-/Stable) and TeamSystem S.p.A (B/Stable) have subscription-based recurring revenue platforms and demonstrate stronger FCF and deleveraging prospects than IDEMIA and, therefore, have higher leverage tolerance for their rating levels.

IDEMIA is broadly comparable with the peers that Fitch covers in its technology and credit opinion portfolios. It has slightly higher leverage but benefits from market leadership in its core operating segments, healthy liquidity and global diversification.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- Structurally improved profitability with sustained mid-single-digit FCF margins
- EBITDA gross leverage below 4.5x on a sustained basis, including additional clarity around capital allocation and leverage targets
- EBITDA interest coverage above 3.0x

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- A material loss of market share or significant erosion of business or technology leadership in core operations
- EBITDA gross leverage above 6.0x on a sustained basis without a clear path for deleveraging
- Sustained neutral to negative FCF
- EBITDA interest coverage below 2.5x

Liquidity and Debt Structure

IDEMIA reported a cash position of around EUR259 million as of March 2025. We forecast neutral to positive FCF in 2025 and 2026, further supported by an undrawn EUR300 million RCF, yielding satisfactory liquidity. The company's existing euro and US dollar term loan B matures in 2028.

ESG Considerations

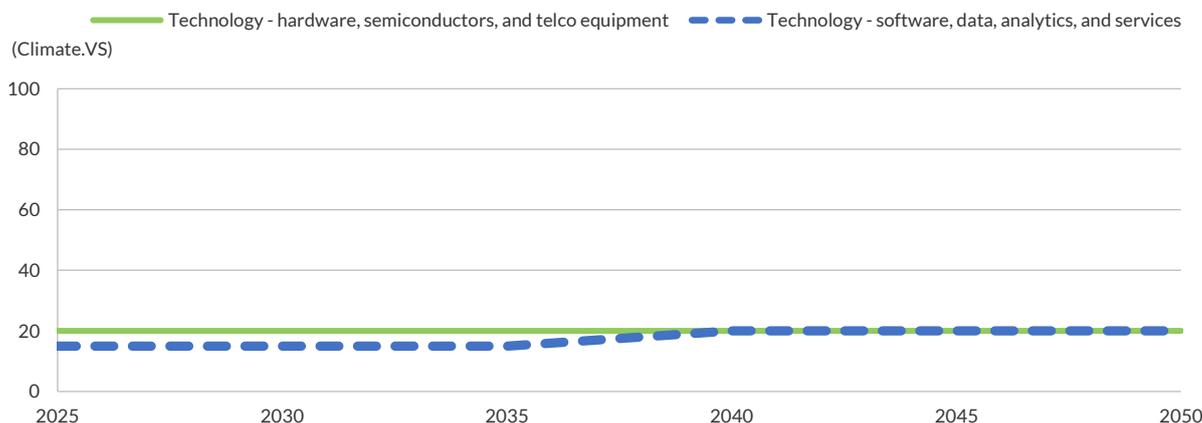
The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Climate Vulnerability Considerations

Fitch uses Climate Vulnerability Signals (Climate.VS) as a screening tool to identify sectors and Fitch-rated issuers that are potentially most exposed to credit-relevant climate transition risks and, therefore, require additional consideration of these risks in rating reviews. Climate.VS range from 0 (lowest risk) to 100 (highest risk). For more information on Climate.VS, see Fitch's [Corporate Rating Criteria](#). For more detailed, sector-specific information on how Fitch perceives climate-related transition risks, see [Climate Vulnerability Signals for Non-Financial Corporate Sectors](#).

The FY24 revenue-weighted Climate.VS for Idemia for 2035 is 18 out of 100, suggesting low exposure to climate-related risks in that year.

Climate.VS Evolution



Source: Fitch Ratings

Key Assumptions

Fitch's Key Assumptions Within Our Rating Case for the Issuer

- Low-single-digit revenue growth in 2025-2027
- Fitch-defined EBITDA margin around 17% 2025-2027
- Capex at around EUR140 million-EUR150 million per year in 2025-2027
- About EUR40 million of non-recurring charges are added back to EBITDA in 2024. Other restructuring charges are reflected in EBITDA and FFO

Financial Data

(EURm)	2022	2023	2024
Summary income statement			
Gross revenue	2,649	2,867	2,403
Revenue growth (%)	19.4	8.2	-16.2
EBITDA before income from associates	482	530	412
EBITDA margin (%)	18.2	18.5	17.1
EBITDA after associates and minorities	482	530	412
EBIT	235	358	231
EBIT margin (%)	8.9	12.5	9.6
Gross interest expense	-109	-142	-189
Pretax income including associate income/loss	92	162	-5
Summary balance sheet			
Readily available cash and equivalents	366	433	347
Debt	2,137	2,569	2,606
Net debt	1,772	2,136	2,259
Summary cash flow statement			
EBITDA	482	530	412
Cash interest paid	-115	-153	-207
Cash tax	-56	-83	-80
Dividends received less dividends paid to minorities (inflow/outflow)	—	—	—
Other items before FFO	-43	-13	9
FFO	275	283	134
FFO margin (%)	10.4	9.9	5.6
Change in working capital	22	-32	-64
CFO (Fitch-defined)	296	251	70
Total non-operating/nonrecurring cash flow	—	—	7
Capex	-148	-146	-137
Capital intensity (capex/revenue) (%)	5.6	5.1	5.7
Common dividends	—	—	—
FCF	149	105	-61
FCF margin (%)	5.6	3.7	-2.5
Net acquisitions and divestitures	-9	16	3
Other investing and financing cash flow items	-7	-37	4
Net debt proceeds	-13	448	11
Net equity proceeds	-5	-456	-6
Total change in cash	115	61	-49
Calculations for forecast publication			
Capex, dividends, acquisitions and other items before FCF	-156	-130	-127
FCF after acquisitions and divestitures	140	121	-57
FCF margin after net acquisitions (%)	5.3	4.2	-2.4
Gross leverage ratios (x)			
EBITDA leverage	4.4	4.8	6.3
(CFO-capex)/debt (%)	7.0	4.1	-2.6
Net leverage ratios (x)			
EBITDA net leverage	3.7	4.0	5.5
(CFO-capex)/net debt (%)	8.4	4.9	-3.0
Coverage ratios (x)			
EBITDA interest coverage	4.2	3.5	2.0
CFO – Cash flow from operations			
Source: Fitch Ratings, Fitch Solutions			

How to Interpret the Forecast Presented

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Peer Financial Summary

Company	Issuer Default Rating	Financial statement date	Gross revenue (EURm)	EBITDA margin (%)	EBITDA leverage (x)	EBITDA interest coverage (x)	CFO-capex/debt (%)
IDEMIA Group S.A.S.	B						
	B	2024	2,403	17.1	6.3	2.0	-2.6
	B	2023	2,867	18.5	4.9	3.5	3.9
	B	2022	2,649	18.2	4.4	4.2	7.0
Nokia Corporation	BBB-						
	BBB-	2023	22,258	13.1	1.6	13.7	9.6
	BBB-	2022	24,911	14.3	1.4	23.1	13.0
Nexi S.p.A.	BBB-						
	BB+	2023	3,331	50.3	4.0	4.4	11.0
	BB	2022	3,228	47.8	4.2	8.9	12.0
TeamSystem S.p.A.	B						
	B	2023	733	38.3	5.6	2.5	5.0
	B	2022	568	35.6	6.7	2.9	6.4

Source: Fitch Ratings, Fitch Solutions

Fitch Adjusted Financials

(EURm as of 31 Dec 24)	Notes and formulas	Standardised values	Other adjustments	Lease treatment	Other adjustments	Adjusted values
Income statement summary						
Revenue		2,403	–	–	–	2,403
EBITDA	(a)	413	–	-43	42	412
Depreciation and amortisation		-173	–	34	-0	-139
EBIT		240	–	-9	0	231
Balance sheet summary						
Debt	(b)	2,541	–	–	65	2,606
Of which other off-balance-sheet debt		–	–	–	–	–
Lease-equivalent debt		–	–	–	–	–
Lease-adjusted debt		2,541	–	–	65	2,606
Readily available cash and equivalents	(c)	347	–	–	–	347
Not readily available cash and equivalents		–	–	–	–	–
Cash flow summary						
EBITDA	(a)	413	–	-43	42	412
Dividends received from associates less dividends paid to minorities	(d)	–	–	–	–	–
Interest paid	(e)	-216	–	9	-0	-207
Interest received	(f)	–	–	–	–	–
Preferred dividends paid	(g)	–	–	–	–	–
Cash tax paid		-80	–	–	–	-80
Other items before FFO		-50	–	–	59	9
FFO	(h)	67	–	-34	102	134
Change in working capital		6	–	–	-70	-64
CFO	(i)	72	–	-34	32	70
Non-operating/nonrecurring cash flow		84	–	–	-78	7
Capex	(j)	-137	–	–	–	-137
Common dividends paid		-2	–	–	2	–
FCF		17	–	-34	-44	-61
Gross leverage (x)						
EBITDA leverage	b / (a+d)	6.2	–	–	–	6.3
(CFO-capex)/debt (%)	(i+j) / b	-2.6	–	–	–	-2.6
Net leverage (x)						
EBITDA net leverage	(b-c) / (a+d)	5.3	–	–	–	5.5
(CFO-capex)/net debt (%)	(i+j) / (b-c)	-3.0	–	–	–	-3.0
Coverage (x)						
EBITDA interest coverage	(a+d) / (-e)	1.9	–	–	–	2.0

CFO – Cash flow from operations

Note: The standardised items presented above are based on Fitch's taxonomy for the given sector and region.

Reported items may not match the Fitch taxonomy, but they are captured into corresponding lines accordingly.

Debt includes other off-balance-sheet debt.

Debt in the standardised values column excludes lease liabilities of EUR110.6 million.

Source: Fitch Ratings, Fitch Solutions, IDEMIA Group S.A.S.

B+ and Below Considerations

Factors	b+	b	b-	ccc+	ccc	ccc-	cc
Business model	Robust	Sustainable	Intact	Redeemable	Compromised	Disrupted	Irredeemable
Execution risk in strategy	Limited	Moderate	Meaningful	Challenging yet achievable	Uncertain	Highly speculative	Not credible
Cash flow profile	Consistently positive	Neutral to positive	Volatile	Mostly negative	Consistently negative	Accelerating cash outflow	Irreversible outflow
Leverage profile	Clear deleveraging path	Deleveraging capacity	High but sustainable	Significant outlier	Unsustainable	Disproportionate and increasing	Unrecoverable
Governance and financial policy	Committed	Some commitment to deleveraging	Aggressive	Ineffective	Uncommitted	Hostile	Inevitable balance sheet restructuring
Refinancing risk	Limited	Manageable	High	Off-market options	Excessive	Unavailable	Imminent
Liquidity	Comfortable	Satisfactory	Limited	Minimal headroom	Poor/partly funded	Unfunded	De facto insolvent

Source: Fitch Ratings

Recovery Analysis

In conducting its bespoke recovery analysis, Fitch estimates that IDEMIA’s intellectual property, patents and recurring contracts, in the event of default, would generate more value from a going-concern restructuring than a liquidation of the business.

We have assumed a 10% administrative claim in the recovery analysis.

Under the previous IDEMIA’s consolidation perimeter (pre- ISI disposal), our analysis assumes post-restructuring going-concern EBITDA of around EUR300 million. This reflects stress assumptions of a loss of major contracts following reputational damage, for example, as a result of compromised technology (leading to sustained high leverage and negative cash flow) or a major shift in technology usage making IDEMIA’s products obsolete.

We have applied a 6x distressed multiple, reflecting IDEMIA’s scale, customer and geographical diversification as well as exposure to secular growth in biometric-enabled identification technology. We also assume a fully drawn EUR300 million RCF.

We deduct administrative claims, EUR71 million of factoring and EUR60 million of senior debt at operating subsidiaries as prior-ranking claims ahead of the RCF and term loan B in the liability waterfall. Based on current metrics and assumptions, the waterfall analysis generates a ranked recovery in the ‘RR3’ band, indicating a ‘B+’ instrument rating. Our assumptions and conclusion may differ once we become aware of the formal application of disposal proceeds and future capital structure.

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